

FISCAL NOTE

Bill #: HB0192

Title: Revise commercial driver's license, driver's license, and cmv laws

Primary Sponsor: Waitschies, K

Status: Third Reading

Sponsor signature	Date	David Ewer, Budget Director	Date
-------------------	------	-----------------------------	------

Fiscal Summary

	<u>FY 2005 Difference</u>	<u>FY 2006 Difference</u>	<u>FY 2007 Difference</u>
Expenditures:			
General Fund	\$17,583	\$1,325	\$1,325
Revenue:			
General Fund	\$0	(\$173,674)	(\$231,565)
SSR – MHP Retirement Account	\$0	(\$2)	(\$2)
SSR – State Traffic Education Account	\$0	(\$4)	(\$5)
Net Impact on General Fund Balance:	(\$17,583)	(\$174,999)	(\$232,890)

<input type="checkbox"/> Significant Local Gov. Impact	<input checked="" type="checkbox"/> Technical Concerns
<input type="checkbox"/> Included in the Executive Budget	<input type="checkbox"/> Significant Long-Term Impacts
<input type="checkbox"/> Dedicated Revenue Form Attached	<input checked="" type="checkbox"/> Needs to be included in HB 2

Fiscal Analysis

ASSUMPTIONS:

1. This bill would change commercial driver's licenses from eight year licenses to five year licenses.
2. A total of 63,364 individuals currently hold commercial driver licenses (CDLs) issued by Montana.
3. An average of 7,900 CDLs are issued annually based on the current 8-year driver license cycle assuming all commercial driver licenses are issued for an 8-year cycle. (63,364 CDL licensees / 8-yr cycle = 7,921)
4. The Department of Justice collects approximately 88 percent of the licensing fees. County treasurer offices collect 12 percent of the fees.
5. 85% of the CDLs issued annually are interstate and 15% are intrastate.
6. For the first five years after this bill goes into effect, renewal will be of eight-year licenses, and there will be no change in the number of CDLs issued each year.
7. Currently, individuals obtaining a commercial driver license pay \$5.00 per year for a basic drivers license plus either \$5.00 a year for an interstate commercial endorsement or \$3.50 a year for an intrastate commercial endorsement. This bill clarifies that the commercial driver license fees, including the basic drivers license, are \$10.00 per year for the interstate CDL and \$8.50 for the intrastate CDL. There is no change in annual fees paid for a CDL.

Fiscal Note Request HB0192, Third Reading

(continued)

8. The following tables show revenue impacts during the first five years when this bill is in effect:

Current Law (8-yr. CDL cycle = approx. 7,920 CDLs issued annually):										
(Fees collected by Department 88% of total transactions in FY 2004 or approximately 5,925 Interstate & 1,046 Intrastate new and renewal DL)	Distribution - Basic DL Fee \$5/yr						Plus	Commercial DL - Interstate \$5/yr or Intrastate \$3.50/yr		
	Average Number Per Yr	Est. Annual Revenue	SSR-MHP 22.3%	SSR State Traffic Ed 20.7%		State GF 57%		Interstate - State GF 100%	Intrastate - State GF 100%	
Interstate--\$5/yr Basic DL + \$5/yr Type 1(85%)	5,925	\$473,963	\$52,847	\$49,055		\$135,079		\$236,981		
Intrastate--\$5/yr Basic DL + \$3.50/yr Type 2(15%)	1,046	\$71,094	\$9,326	\$8,657		\$23,838			\$29,274	
<i>Total Est. Average Current Year Revenues</i>	<i>6,970</i>	<i>\$545,057</i>	<i>\$62,173</i>	<i>\$57,712</i>		<i>\$158,917</i>		<i>\$236,981</i>	<i>\$29,274</i>	
(Fees collected by County 12% of total transactions in FY 2004 or approximately 808 Interstate & 143 Intrastate new and renewal DL)	Distribution - Basic DL Fee \$5/yr						Plus	Commercial DL - Interstate \$5/yr or Intrastate \$3.50/yr		
	Average Number Per Yr	Est. Annual Revenue	SSR-MHP 22.3%	SSR State Traffic Ed 20.7%	County GF 2.5%	State GF 54.5%		Interstate - State GF 97.5%	Intrastate - State GF 97.5%	
Interstate--\$5/yr Basic DL + \$5/yr Type 1(85%)	808	\$64,631	\$7,206	\$6,689	\$808	\$17,612		\$31,508		\$808
Intrastate--\$5/yr Basic DL + \$3.50/yr Type 2(15%)	143	\$9,695	\$1,272	\$1,180	\$143	\$3,108			\$3,892	\$100
<i>Total Est. Average Current Year Revenues</i>	<i>950</i>	<i>\$74,326</i>	<i>\$8,478</i>	<i>\$7,870</i>	<i>\$950</i>	<i>\$20,720</i>		<i>\$31,508</i>	<i>\$3,892</i>	<i>\$908</i>
Totals -- Department and County Collections	7,921	\$619,383	\$70,651	\$65,582	\$950	\$179,637	Plus	\$268,489	\$33,166	\$908

Fiscal Note Request HB0192, Third Reading

(continued)

Proposed HB 192 (5-yr CDL cycle = approx. 7,920 CDLs issued annually):										
(Fees collected by Department 88% of total transactions in FY 2004 or approximately 5,925 Interstate & 1,046 Intrastate new and renewal DL)	Commercial DL - Interstate \$10/yr or Intrastate \$8.50/yr									
	Average Number Per Yr	Est. Annual Revenue	SSR-MHP 18.25%	SSR State Traffic Ed 16.94%				Interstate - State GF 64.81%	Intrastate - State GF 64.81%	
	Interstate/\$10.00/yr (85%)	5,925	\$296,250	\$54,061	\$50,181				\$191,985	
	Intrastate/\$8.50/yr (15%)	1,046	\$44,455	\$8,109	\$7,527					\$28,798
	<i>Total Estimated Annual HB 192 Revenues</i>	6,970	\$340,705	\$62,171	\$57,708				\$191,985	\$28,798
(Fees collected by County 12% of total transactions in FY 2004 or approximately 1,293 Interstate & 228 Intrastate new and renewal DL)	Average Number Per Yr	Est. Annual Revenue	SSR-MHP 18.25%	SSR State Traffic Ed 16.94%				Interstate - State GF 62.31%	Intrastate - State GF 62.31%	County GF 2.5%
	Interstate/\$10.00/yr (85%)	808	\$40,400	\$7,372	\$6,843				\$25,170	\$1,010
	Intrastate/\$8.50/yr (15%)	143	\$6,078	\$1,106	\$1,026				\$3,775	\$151
	<i>Total Est. Average Current Year Revenues</i>	950	\$46,478	\$8,478	\$7,869				\$25,170	\$3,775
Totals -- Department and County Collections	7,921	\$387,183	\$70,648	\$65,577	\$0	\$0		\$217,154	\$32,573	\$1,161
			SSR-MHP	SSR State Traffic Ed	County GF	State GF	Plus	Interstate - State GF	Intrastate - State GF	County GF
TOTAL IMPACT ON DISTRIBUTIONS	-	\$232,201	-\$2	-\$5	-\$950	-\$179,637		-\$51,335	-\$593	\$254

- During the first five years under this bill, there would be annual revenue reduction of \$231,565 to the general fund, \$2 to the Highway patrol Retirement Account, and \$5 to the State Traffic Education Account.
- This bill would be effective October 1, 2005, so revenue reductions in FY 2006 would be three-fourths the amounts in Assumption 8, or \$ 173,674 to the general fund, \$2 to the Highway Patrol Retirement Account, and \$4 to the State Traffic Education Account.
- The fingerprint/background check for the HAZMAT endorsement will be completed by a TSA agent who will report the results through the national Commercial Driver License Information System. Fees for the fingerprinting/background check will be collected by the TSA agent providing the service.
- Annual operating costs will increase approximately \$875 for postage/mailing to provide licensing packets/information to current HAZMAT licensees and \$450 for increased computer transactions costs with the national Commercial Driver License Information System (CDLIS); a total of \$1,325 in FY 2006 and in FY 2007.
- Programming expenditures will occur in FY 2005 to meet the effective dates required. One-time operating costs for programming to convert all CDLs to a variable 5-year expiration cycle, create a notification process for HAZMAT licensees, modify the receipting processes, create edits to restrict the issuance of CDLs with HAZMAT endorsements until security clearance received for TSA, and report CDL conviction transactions. FY 2005 programming expenditures are estimated to be \$14,160 for 145

Fiscal Note Request HB0192, Third Reading

(continued)

hours of business requirements, analysis and design, testing and implementation plus \$3,423 for the equivalent of 18.5 days of computer services provided by DOA for an estimated total of \$17,583.

FISCAL IMPACT:

	<u>FY 2005 Difference</u>	<u>FY 2006 Difference</u>	<u>FY 2007 Difference</u>
<u>Expenditures:</u>			
Operating Expenses	\$17,583	\$1,325	\$1,325
<u>Funding of Expenditures:</u>			
General Fund (01)	\$17,583	\$1,325	\$1,325
<u>Revenues</u>			
General Fund		(\$173,674)	(\$231,565)
SSR – MHP Retirement Account		(\$2)	(\$2)
SSR – State Traffic Education Account		(\$4)	(\$5)
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>			
General Fund (01)	(\$17,583)	(\$174,999)	(\$232,890)
SSR – MHP Retirement Account		(\$2)	(\$2)
SSR – State Traffic Education Account		(\$4)	(\$5)

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

During the first five years when this bill is in effect, county governments will receive \$696 per year less in revenue from issuing CDLs. After five years, annual revenue to county governments will be the same as under current law, on average.

Fiscal Note Request HB0192, Third Reading

(continued)

LONG-RANGE IMPACTS:

This bill will reduce revenue from CDL license fees for five years. After five years, annual revenue will be approximately the same as under current law. However, the transition from an eight year license to a five year license may produce a cycle in the number of renewals and revenue where renewals are about the same as the current level in some years and twice the current level in other years. On average, there will be about 12,673 CDLs issued each year (63,364 CDL licensees / 5- yr cycle = 12,673). The following table shows the average changes in revenue after the first five years if the distribution is changed to 11.41% to the Montana Highway Patrol Retirement Account and 10.59% to the State Traffic Education Account:

Proposed HB 192 (5-yr CDL cycle = approx. 12,670 CDLs issued annually):										
(Fees collected by Department 88% of total transactions in FY 2004 or approximately 5,925 Interstate & 1,046 Intrastate new and renewal DL)	Commercial DL - Interstate \$10/yr or Intrastate \$8.50/yr									
	Average Number Per Yr	Est. Annual Revenue	SSR-MHP 11.41%	SSR State Traffic Ed 10.59%					Interstate - State GF 78%	Intrastate - State GF 78%
	Interstate/\$10.00/yr (85%)	9,479	\$473,963	\$54,079	\$50,193				\$369,691	
	Intrastate/\$8.50/yr (15%)	1,673	\$71,094	\$8,112	\$7,529					\$55,454
	Total Estimated Annual HB 192 Revenues	11,152	\$545,057	\$62,191	\$57,722				\$369,691	\$55,454
(Fees collected by County 12% of total transactions in FY 2004 or approximately 1,293 Interstate & 228 Intrastate new and renewal DL)	Commercial DL - Interstate \$10/yr or Intrastate \$8.50/yr									
	Average Number Per Yr	Est. Annual Revenue	SSR-MHP 11.41%	SSR State Traffic Ed 10.59%					Interstate - State GF 75.5%	Intrastate - State GF 75.5%
	Interstate/\$10.00/yr (85%)	1,293	\$64,631	\$7,374	\$6,844				\$48,797	
	Intrastate/\$8.50/yr (15%)	228	\$9,695	\$1,106	\$1,027					\$7,319
	Total Est. Average Current Year Revenues	1,521	\$74,326	\$8,481	\$7,871				\$48,797	\$7,319
Totals -- Department and County Collections	12,673	\$619,383	\$70,672	\$65,593	\$0	\$0			\$418,488	\$62,773

	SSR-MHP	SSR State Traffic Ed	County GF	State GF	Plus	Interstate - State GF	Intrastate - State GF	County GF
TOTAL IMPACT ON DISTRIBUTIONS	4,752	\$0	\$21	\$11	-\$950	-\$179,637	\$149,998	\$29,607

TECHNICAL NOTES:

1. The American Association of Motor Vehicle Administrators (AAMVA) will soon be disseminating requirements for the structured testing and implementation of CDLA changes for HAZMAT responses from TSA. Those costs are unknown and are not reflected herein.
2. It should be noted that changes made to the mainframe legacy system as a result of legislative changes, might also need to be made to the (new) system that may result in additional costs.